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Ryder Cup's economic impact is open to debate

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Finding a hotel room or a restaurant table could be tricky during next week's Ryder Cup, but gauging exactly how much money the event will bring to Louisville's economy might be even tougher.

Local tourism and economic development officials have been predicting the golf competition will bring $120 million to the metro area -- from packed hotels and restaurants to new part-time jobs related to the event.

Stan Curtis, the exuberant chairman of a Ryder Cup task force set up by Mayor Jerry Abramson, said that number is "ridiculously low." He pegs the event's local impact at $150 million or more.

But sports consultants and people who have studied previous Ryder Cup tournaments said the overall economic benefit will be closer to $50 million.

Why the huge gap?

Tourism groups typically use the highest figure they can to promote a sports event, said Scott Watkins, a senior consultant with Anderson Economic Group in East Lansing, Mich.

And they don't always factor in the costs to put on an event. While no one has totaled the complete cost to the community, the Kentucky General Assembly earlier this year appropriated $1.55 million for security, parking improvements and other items.

Plus, sometimes, the higher economic estimates include spending that may have taken place even if there wasn't an event. At the Seelbach Hilton, for example, all 321 guest rooms are booked during the golf competition at Valhalla Golf Club.

But general manager Jon McFarland said the downtown hotel is usually sold out that week anyway, a popular time for corporate travel as summer vacations have ended.

McFarland noted, however, that Ryder Cup guests are paying significantly more than the hotel's standard weekday rate of $259 per night.

The Louisville Convention & Visitors Bureau decided not to pursue a formal study of the event's impact because it figured the Ryder Cup isn't likely to be back soon, so the money could be better spent elsewhere, spokeswoman Stacey Yates said.

She noted that one of the event's biggest benefits isn't easily quantifiable: the free television exposure the city will receive during the Sept. 19-21 competition.

McFarland agreed: "You can't get better than a Ryder Cup type of event in terms of the exposure for the city and the aftershock benefit of the awareness of Louisville."

'A lot of hullabaloo'

The local estimate of a $120 million economic bump was based partly on earlier Ryder Cups in such places as Detroit, Boston and Ireland.

When the tournament was held in the Boston area in 1999, the event's economic benefit was greater than the Major League Baseball All-Star game held the same year, and second only to the 100th anniversary of the Boston Marathon in 1996, said Patrick Moscaritolo, head of the Greater Boston Convention & Visitors Bureau.

Moscaritolo said a study for the Boston bureau pegged the gross economic impact at $151 million, which included $60 million from indirect sources, such as spending by Boston residents who earned extra money working at the competition.

"There is a lot of hullabaloo over what these numbers mean," Moscaritolo said. "There's such a wide view of them."

Patrick Rishe, an associate professor of economics at Webster University in St. Louis, said that promoting an economic development estimate for an event such as the Ryder Cup without a formal study is misleading.

When the Ryder Cup was held in suburban Detroit in 2004, Rishe surveyed the spending patterns of 600 people who attended, as part of a study by his company, Sportsimpacts.

He noted that the event was touted as having a gross impact of $114 million, but his study showed the actual net benefit to the community after such things as security, overtime and infrastructure costs were subtracted fell somewhere between $47 million and $57 million.

One of the biggest beneficiaries of the Ryder Cup is the PGA, which also owns Valhalla.

Joe Steranka, the PGA's chief executive officer, said his group stands to make $20 million to $25 million from the event after expenses. Television rights are the most lucrative source of money, Steranka said. The PGA also keeps proceeds from merchandise, tickets and corporate hospitality tents.

'A tremendous boon'

Curtis, the head of the mayor's task force, said any amount of money that comes to Louisville from the event will be a bonus for the area, which has never before hosted the Ryder Cup.

"This thing will economically be a tremendous boon," Curtis said. "I'm totally on the positive side. We're rockin' and rollin.'"

Out of roughly 18,000 hotel rooms in the metro area, only a few hundred are still available for Ryder Cup week, said Doris Sims, of the Louisville Convention & Visitors Bureau. The vacancy rate is up slightly from several months ago, but Sims said it's typical to have a few cancellations as a major event draws near.

At Vincenzo's in downtown Louisville, the reservation book still has a few spots available during the Ryder Cup. But extra help is being hired in anticipation of big crowds, and administrative assistant Lisa Argabright said dinner reservations are coming in from as far away as London.

At Jack Fry's restaurant on Bardstown Road, owner and general manager Stephanie Meeks said the event will mean higher costs for labor, along with more silverware, plates and glasses.

Some restaurants are raising prices to offset some of those expenses, but that's not the case everywhere.

Matt Clem, general manager of Gilman's Pointe in St. Matthews, said the restaurant is offering a half-off discount on bottles of wine to draw in more traffic during the golf competition. There's also a special dinner promotion for couples -- $39 for an appetizer, two entrees and dessert.

"I think there will be a good turnout for everybody," Clem said.

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